Portland General Electric Company
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Energy Policy Act of 2005, Section 1234
Economic Dispatch Study

Portland General Electric
Response to Questions for Stakeholders

1. Procedures Now Used in the Northwest

The dispatch of generation resources in the Pacific Northwest is accomplished primarily through procedures implemented at the local utility level. Portland General's procedures like others in the region incorporate a process of comparing the economic value in operating company owned generation or purchasing the necessary resources from the market. Portland General serves 743,000 customers with an average hourly load of 2100 MWhs (3800 MWH peak/1200 MWH valley) in this manner.

2. The Act's Definition

The definition of economic dispatch cited in Section 1234 of the Energy Policy Act broadly describes the process for evaluating and acting upon the value associated with the alternatives of operating a generation facility or purchasing energy. The definition does not adequately portray other factors such as energy market/product liquidity, bid/offer timing, and fuel management, marketing, and storage constraints. These are important considerations which are generally over looked by persons unfamiliar with system operations.

3. Different Economic Dispatch Procedures

The greatest value is realized through employing sound economic dispatch principles, efficient communication, and swift action. As communications, decisions, and actions spread beyond those able to accomplish all of the necessary actions, the opportunity for economic alternatives and value diminishes. Portland General does not apply different methodologies for different opportunities rather for non-utility facilities, the knowledge of the facility, ability to communicate and act is an impediment that may result in the lack of opportunity for Portland General. But although the opportunity does not exist for Portland General, the possibility exists for operators of non-utility facilities to employ the same

methods for realizing value. The result of these independent efforts is a market driven decentralized economic dispatch model rather than a principle driven centralized model.

4. Changes That Will Lead to More Non-Utility Generator Dispatch

Non-utility generation dispatch is hampered primarily to the inability to identify and complete alternative actions in a swift and economic manner. This combined with comparatively small inexperienced staffs is a barrier. Non-utility generation must evaluate the barriers they face and align their portfolio and offerings to be economically viable in existing markets. Portland General believes that a lack participation of non-utility generators in activities that might be associated with economic dispatch is due to the unique constraints of those facilities and their organization. Some such facilities simply can not respond in the same manner as their larger contemporaries or utilities.

5. Effects of Economic Dispatch

Whether economy comes from utility or non-utility generation the result is the same: lower costs for consumers, less emissions, etc.

6. Implication for Grid Reliability

Portland General believes that reliability is a consideration in applying sound economic dispatch policy. If risks are monetized and factored into decision making then greater use of economic dispatch poses no threat to Portland General's efforts to ensure reliability.